8-2-75 WP

Official Provides No Assurance On Legality of C.I.A. Spending

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Special to The New York Times

WASHINGTON, Aug. 1 James T. Lynn, the Director of the Office of Management and Budget, told Congress today that he could not provide assurances that none of the funds currently appropriated to the Central Intelligence Agency were being spent for illegal covert activities or for domestic surveillance of American citizens.

In his day-long testimony before the House Select Committee on Intelligence, he said repeatedly that his office, which is responsible for preparing and approving the agency's budget, was kept aware of all of the agency's major activities.

But he acknowledged under questioning that, because the agency was permitted by law to expend large amounts of money on the sole authority of the Director of Central Intelligence, it was necessary to rely on the "integrity" of C.I.A. officials in such matters.

Today's hearing was the second in a series in which the House panel is attempting to point up the inadequacy of the fiscal oversight that is applied by the executive branch to the C.I.A. and the eight or 10 agencies that make up the Federal intelligence community.

Size of Total Budget

In particular, according to Representative Otis G. Pike, the committee's chariman, he and most of the other members intend to inquire into the size of the Government's total intelligence budget and the internal discretion those agencies have in deciding how to allot their funds.

Mr. Lynn declined today to disclose the size of that total budget, saying that for him to do so in public might amount to a "criminal violation" of Federal statutes.

He also refused, on the ground, to respond to a number of other questions, such as whether O.M.B. had known about the millions of Federal dollars spent by the C.I.A. for undercover political activity in Chile or the hundreds of millions it cost the C.I.A. to attempt to recover a sunken Soviet submarine from the Pacific last year.

He did, however, confirm a disclosure by Representative Robert W. Kasten Jr., a freshman Republican from Wisconsin, that of the six budget examiners attached to O.M.B.'s National Security Division, three had served previously as officials of the C.I.A. and one with Army Intelligence.

The National Security Division, Mr. Lynn said, reviews the budgets of not only the C.I.A., but also those of the Defense Intelligence Agency, the National Security Agency and the intelligence components of the military services.

Dellums Voices Concern

The annual budget of the C.I.A. is believed to be in excess of $750-million, and the combined total for all of the intelligence agencies $6-billion a year.

Representative Ronald V. Dellums, a California Democrat, expressed concern that the House committee "may very well uncover" evidence that C.I.A. appropriations were passed on in O.M.B. and elsewhere by "employes and former employes" of that agency who now held other Government positions.

Mr. Lynn replied that he saw nothing wrong with hiring former C.I.A. officials to oversee the agency's budget.

Mr. Pike, Democrat of Suffolk County commented on the absence of any reference to the C.I.A. in the version of the Federal budget that is published each year.

"We don't conceal anything from you, Mr. Chairman," Mr. Lynn replied.

"Oh, come on," retored Mr. Pike. "Does the budget admit that we have a C.I.A.?"

"No," Mr. Lynn conceded, "but we certainly admit it's in there somewhere."